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P contracts

3 OCT 1980

MEMORANDUM FOR: See Distribution

FROM: James H. McDonald
Director of Logistics

SUBJECT: Economy Act Procurement Actions

1. During a recent session of the Agency Contract Review Board, a proposed procurement was presented which had been transferred from another Federal Government agency in accordance with the Economy Act of 1932. During discussions at the Board, there was some indication that procurement officials at the transferring agency were unaware that the action on this buy was being transferred to CIA. Of great concern was the fact that other information presented indicated that the procurement may have been sent to CIA to circumvent procedures existent in the transferring agency.

2. In the case referred to above, the procuring component was asked to contact procurement officials at the agency which generated the requirement to ascertain whether, in fact, that organization had refused to handle the transaction. The reply indicated that requirements officials, with the concurrence of that agency's comptroller, decided to transfer the action to CIA as an Economy Act transaction rather than process it through their own procurement component which had also handled procurements with the designated contractor. In this case the contracting officer has made a determination that the facts in hand are adequate to support proceeding with the transaction.

3. I have concurred with the contracting officer proceeding with the case discussed above. At the same time, I wish to note to all personnel involved in the procurement process that Economy Act transfers, or any other situation which allows a requirements unit to effectively shop its procurement request among several procurement units until it finds one that will handle the buy in accordance with its desires, can result in abuses of our system. It is requested that procurement or other officials who become aware of any attempt to shop procurement requests among procurement components, whether within CIA or between CIA or other agencies, immediately bring such information to my attention.

/s/ James H. McDonald

James H. McDonald

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